

**Affordable Housing Task Force
Meeting June 20, 2007
Rockville Public Library
21 Maryland Avenue, Rockville, MD 20850
Minutes**

The meeting commenced at 10:00 am

The following task force members were in attendance or represented:

Barbara Goldberg Goldman, Co-chair	Sharan London
Richard Y. Nelson, Jr., Co-chair	Stephen J. Lynch
Nathaniel (Tad) Baldwin	John K. McIlwain
Vivian Bass	Marilyn Praisner
Richard Cohen	Lawrence Rosenblum
Cheryl Cort	Howard J. Ross
Norman M. Dreyfuss	Dale Saunders
David Flanagan	Barbara Sears
James Frazier	Caroline Varney-Alvarado
Lesa Hoover	Brian Tracey
Omar Karim	H.L. Ward
Caroline Kenney (for Vickie Davis)	

County staff, Park and Planning staff and members of the general public were also in attendance.

Opening

Co-Chairs, Richard Y. Nelson, Jr., (Rick) and Barbara Goldberg Goldman (Barbara) welcomed the task force.

The task force was reminded that today's meeting will provide an opportunity for Committees to report and submit recommendations. Recommendations will be explored and preliminary report prepared for the next meeting which will be held in September.

Approval of Minutes

Rick requested comments on the May 18th Minutes. There was no commentary, thus the minutes were approved.

Committee Recommendations – Each committee prepared written recommendations which were distributed to the entire Affordable Housing Task Force for inquiries, input and commentary. Each committee chair presented recommendations. Below are the recommendations as submitted. Discussion and commentary appear below the recommendations.

Case Studies Committee Recommendations, presented by David Flanagan
The recommendations of the Case Studies Committee are in order of priority:

1. Preserve Existing Affordable Units

There has been a rapid loss of existing affordable units during the past few years as units have been sold, renovated and re-priced. We recommend that a portion of the Housing Initiative Fund be used to help purchase apartment complexes. These funds could either be used by the County or a non-profit housing group as a soft second trust necessary for additional leverage. For example, a \$10,000,000 allocation of funds should allow for the acquisition and preservation of a \$40,000,000 complex (approximately 300-350 units). We recommend that the County should solicit the owners of all apartments that meet certain criteria to submit prices under which they would sell their properties. The County should then select the most favorable proposal for preserving affordable housing.

Examples of the types of apartment complexes that should be targeted for preservation include:

Long Branch -

Flower Branch
Nob Hill

Broadacres & White Oak-

Northwest Park
Hampshire Towers (now under contract)
Avery Park
Montgomery White Oak
Montgomery Paint Branch

In addition, we believe that the list of potential properties to be preserved as affordable housing could be expanded based on which tenants had received notification letters under the Right of First Refusal laws currently in effect in Montgomery County and Takoma Park.

2. Build New Affordable Housing

We believe that several larger sites are excellent candidates for new affordable housing. The majority of the named sites are also County-owned, and their development could be an illustration of the County's commitment to affordable housing. These sites should be giving highest priority to get construction started soon. They include:

- a. Name: Shady Grove Metro (Rockville) (Government Owned Site)
Size, Details: Unknown
Status: County owned land potentially available for housing
Players who can cause movement: County Executive, County Council
- b. Name: Bowie Mill Road (Olney) (Government Owned Site)
Size, Details: 32.6 ac., By right, PD3 Zone: 35% sfd, 35% sfa, 118 Units total w/MPDU bonus
Status: RFP due June 22
Players who can cause movement: DHCA, Developers

- c. Name: Kingsview Village (Germantown) (Government Owned Site)
Size, Details: up to 176 units
Status: Land owned by MNCPPC, held for future recreation uses
Players who can cause movement: MNCPPC, DHCA, County Council
- d. Name: Jingle Lane (Wheaton) (Government Owned Site)
Size, Details: 8.24 ac., zoned R-90, By right app. 35 units w/MPDU bonus
Status: Unknown
Players who can cause movement:
- e. Name: Edson Lane (North Bethesda) (Government Owned Site)
Size, Details: 1.8 ac., 9WF, 6MPDU –RFP with so few units in a prime location is a significant lost affordable housing opportunity.
Status: RFP due 6.29
Players who can cause movement; DHCA, Developers.
- f. Name: Fleet Sheet (Rockville)
Size, Details: Unknown
Status: Held up by city moratorium
Players who can cause movement: County should engage the City of Rockville to re-issue the RFP with City's acceptable parameters. If schools are an issue, then try senior housing.
- g. Name: Beall's Grant (Rockville) (Non-profit controlled)
Size, Details: Unknown
Status: Held up by City's Adequate Public Facilities Ordinance
Players who can cause movement:

Several other sites which are worthy of additional study include:

- h. Name: Hampden Lane, (Bethesda) (Government Owned Site)
Size, Details: 12 units, eff, 1brs; HOC developing
Status: DHCA holds site; project is in Plan Review with adjacent Pilinger project
Players who can cause movement: HOC, DHCA
- i. Name: Bonifant Street (Silver Spring) (Government Owned Site)
Size, Details: size unknown; Apt. House taken by County ca. 2000 for code violations
Status: Was to have been redeveloped with Public Library; discussions included putting affordable housing above; now in Purple Line R.O.W.
Players who can cause movement: DHCA, Maryland DOT
- j. Name: Brickyard Road (Potomac) (Government Owned Site)
Size, Details: 20 acres, zoned RE2, 2 ac. minimum lot size, 10 lots by right
Status: unknown
Players who can cause movement: DHCA

- k. Name: Kendale, (Potomac) (Government Owned Site)
Size, Details: 10.54 ac. in 2 sites; zoned RE2, 2 ac. Minimum lot size, 5 lots by right
Status: unknown
Players who can cause movement: DHCA
- l. Name: Washington Grove (Gaithersburg) (Government Owned Site)
Size, Details: 2.7 ac., C1, no residential without zoning change. Note: MNPCC is studying allowing residential uses in commercial zones.
Status: Unknown
Players who can cause movement: DHCA
- m. Name: Washington Grove/Mid-County Highway (Gaithersburg) (Government Owned Site)
Size, Details: 1.25 ac., zoned R-90, 5 units by right
Status: unknown
Players who can cause movement: DHCA
- n. Name: Parking Lot 31 (Bethesda)
Size, Details: 5-6 acres
Status: Development approved with MPDU's, many parking spaces
Players who can cause movement: DHCA, Parking District

3. Enforce Development/Accelerate Permitting for MPDU's Required for Developments Currently Under Construction

The committee prepared a spread sheet showing the number of MPDU's currently in the pipeline (*that have not yet executed an agreement to build*). This spread sheet shows *994 affordable units in 44 projects* already required for development. If these units have not come on line because they are awaiting permits, that process must be expedited, with additional staff being hired if necessary. If permits have been issued for these units, but they have not been built because the developer has delayed their construction, the County should take steps to enforce their prompt construction.

Case in point, Clarksburg. Get Clarksburg going again. Clarksburg is the major new housing resource in the County for the next 10 years. MNCP&P, DPS, and other agencies need to process plans and to approve permits. Clarksburg is a Designated Growth Area with approved development. Hundreds of affordable units are awaiting permits before they can be built. MNCP&P must hire the site plan reviewers and legal staff necessary to restore this housing resource.

4. Create New Opportunities for Affordable Housing

The affordable housing problem is not going to go away. We recommend that actions to be taken now to be able to provide more affordable housing options in the years ahead. These actions include:

- a. Allow by-right housing on retail land throughout the County if certain percentages are met for both MPDU's and workforce housing. This density

would be in addition to the permitted retail density. These new mixed use sites would spur housing construction, minimize traffic generation, encourage walkable developments, and would scatter affordable housing throughout the County. MNCPPC is already studying C zones density by right.

- b. Committee members felt strongly that the development of affordable housing sorely needed someone to facilitate the coordination of the various agencies, and parties, involved in the preservation of existing affordable units and the construction of new units. Such a “Housing Ambassador”, or “Housing Ombudsperson” would be tasked with the responsibility of: (i) identifying affordable housing opportunities; and (ii) gathering together all interested parties (from government, non-profit and private sectors) in order to identify and solve problems, and push for quick and substantial progress in the preservation of existing units and the development of new units. Committee members noted that such a person would require the power and resources necessary to accomplish these tasks, and that this would require a concerted effort by County officials.
- c. Work more closely with Gaithersburg, Rockville, Poolesville, and other municipalities to encourage them to allow projects with affordable housing to move forward.
- d. Consider the possibility of using currently well-located but restricted open space for affordable housing if the open space is replaced elsewhere in the County.

Task Force Comments/Discussion on Case Studies Committee Recommendations:

- On the Right of First Refusal:
Impact of County presence, as potential purchaser, on market prices.
Establish criteria/parameters/guidelines to seek out property purchases; use leverage.
County as property owner; is this desired goal?
Idea to utilize HIF to assist renters who become displaced when the County does not purchase property.
- Over concentration; keep 25 B in mind.
- Committee Chair requested that task force members submit information on other sites that may be added to the listing under #2.
- Site access to public transportation; this needs to be confirmed.
- Incorporate housing above public spaces such as libraries.
Shady Grove redevelopment prime area for consideration.
- Rules should be changed for all not just government buildings.
- Zoning ordinance change to allow expansion of by-right housing in retail areas.
- Consider developing qualifiers for use of open space.
- Consider option of reducing parking requirements by promoting walkability and use of public transportation.

Community Support Committee Recommendations, presented by Steve Lynch

The Community Support Committee recommends a Public Relations and Awareness Campaign. The major components of the campaign are listed in priority order on the attached chart.

Affordable Housing Task Force

Community Support Group

Draft Recommendations

Mission: To promote public education, understanding, sensitivity, acceptance and active support of affordable housing by all stakeholders in the community.

- We discussed that this is a "PR and Awareness Campaign", targeting housing that is affordable for both Home Buyers and Renters.
- It is recommended that this "Awareness Campaign" has a strong professional public relations component.

Priority	Type of Outreach		Methods of Outreach		Near term Goal		Longer term Goal
1)	Positive Messaging - Media / BRANDING		Use of Public Realtions Firm - Develop a "identifiable Message" or "Logo"		Get message out to the widest audience as possible, to start.		Reach all areas of those that are affected which is a wide range, including but not limited to:
			Develop other collateral material that can be handed out - Group dependent		Trying to make a quick impact and start to get the message out.		Homeless Special Needs Workforce Young professionals - our children just starting their careers
			Including, but limited to: Mailers, DVD, Editorials, etc. FAQ's, for handouts that could include, back to school night, speaking to the local Rotary, largest employers new hire hand out, etc. Bus ads (side of bus) / Bus stop billboards / Metrorail - subway Television - local Comcast station				Voucher holders Seniors - on fixed income
2)	Kick-Off Event		County sponsored event and/or participation with a booth at an existing event.		Some type of material that will have "The Message" or "Logo" that people will keep around their homes. Calenders, magnets to put on the refrigerator, pens, bumper stickers etc. Everyday items that will carry the "Message" and will stay visable to those that take the give-a-ways.		Look for more events that will reach a large audience like the County Fair, PMA Expo, etc. Continue to stay in front of people.
3)	Employer Round Table		Meeting with some of the largest employers and their staff to educate them on how to attract and retain their employees that fall below a certain percentage of the County Median Income levels (i.e. 60% of Median, for a family of four).		Help them understand the problems their employees faced with in meeting their housing needs and how long commutes can affect timeliness of arrival after possible long commute if they don't live in the County and the increasing cost of gas to make that commute. Hope to get some support and acceptance of the importance of affordable housing (or housing that their employees can afford).		Educate employers on how to participate in possible housing programs that will benefit their employees (i.e. matching funds for home purchase or contribution towards closing costs).
4)	Elected Officials		Solicit elected officials to endorse and support the "Community Services" campaign. This would include the School Board. School Board engages in dialog on impact of the value of affordable housing issues. It would be a grass roots campaign to contact all levels of Elected Officials and County Council to stay in front of them and get their "buy-in" to getting the "Message" out to the community at large.		To get the resources, zoning, public land, and incentives to develop affordable housing. This is an overlap with probably two other committees. The county has various pieces of land that they could make available for affordable housing.		Discussion on housing patterns that affect the dempgraphics of the school system.
5)	Schools - MCPS		This would be through "Back to School Night" or the "Like" with handout materials given to the parents at back to school night and other materials given to the students throughout the year. Also, parent information workshops and related issues.		We could use the school system to help us with a survey about the percetion and understanding of affordable housing. This would then give us some insite into how the wider community views "Affordable Housing"		Could include some type of education or curriculum that has a unit on housing. Educate at an early age.
6)	Civic Associations		Grass roots campaign by making them aware of the "Message". Hopefully, get an understanding that you could have a neighbor that is living in an affordable unit.		Provide literature as to what Affordable Housing" really means. A home that someone can afford. We need to rid ourselves of the the word "NIMBY" or "NIMBYisms". We are in search of acceptance.		Feedback from the community at large on what they are feeling about afforable housing. Feedback on their needs and opinions.
7)	Service Organizations/Faith based Organizations		Grass roots campaign. This would include talking to the local Rotary, JC's, Knights of Columbus, Lions Club, VFW, Other Religious groups		Talk to them about our "Message" and ask for their support. Faith based organizations are sometimes the first point of contact with people in need of affordable housing.		Solicitation for assistance.
8)	Community at Large		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION
9)	User Groups		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION
10)	Special Needs (Homeless, Disabled, Seniors, etc.		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION		UNDER - CONSTRUCTION

Task Force Comments/Discussion on Community Support recommendations:

- Target population must include a full range of populations within the County. Various messages will be designed to reach certain populations.
- As this is a topic which touches various issues including transportation and schools; good opportunity for County to touch on these issues at the same time.
- Should have a “brand message” and “a logo.”
- Methods of Outreach should include: multiple languages, accessible to handicapped and disabled.
- A display/promotion at the annual Housing Fair in the autumn (and at other outdoor events).
- Civic organizations, homeowner associations are not the enemy. These groups need to be drawn into dialog. Amenities/Incentives may help stem opposition.
- Survey’s on community attitudes toward affordable housing is needed.
- John McIlwain mentioned that ULI recently had Harris survey national employers and employees on Affordable Housing, he promised to he will secure copies for the Task Force.
- *Homes for Working Families*, a D.C.-based group focused on building public support for AH. The “Campaign for Affordable Housing” is working nationally through the ULI’s Terwilliger Center, and one of their three projects is Montgomery County, MD.
- Consider partnerships with Workforce Housing Committee, Metropolitan Council of Governments and others.
- Recommendations will require funding for public relations firm/contractor.
- Explore forming an advisory group including task force members to work with the contractor.
- Consider the introduction of a component in time for the Housing Fair in the fall.
- Long lasting, positive impact is goal.

Finance Committee Recommendations, presented by Dale Saunders

1. Site Acquisition Fund – The Finance Committee, recognizing that it is more cost effective to preserve existing affordable housing than to build new units, and considering that Montgomery County has lost, or is in danger of losing, many currently affordable units, recommends that the County set up a Site Acquisition Fund to provide quick short-term financing specifically to capture and preserve affordable properties. Once such properties are saved from conversion to market rate or other use, longer-term financing could be set in place to preserve the units for a long period of time. This Fund could be similar to those already in operation in the District of Columbia and New York City (and planned for Chicago). The Committee agreed that, given increasingly higher property values in the County and with the predicted increase in population, such a Fund would not be risky and that cheap capital was needed. The following are desired characteristics:
 - Short-term financing of up to three years to enable the quick purchase of at risk affordable housing
 - Loans to experienced non-profit and for profit organizations that can show a feasible pro forma, enabling them to obtain permanent financing at a later time.
 - Paid-back loan money would recycle into the overall fund for future use
 - Original fund money would come from public, foundation/ philanthropic and private sources, including perhaps banks, pension funds, insurance companies, investment firms, etc. (DC has a dedicated revenue stream through taxes)
 - Quick decision-making ability
2. Revolving Equity Fund – The Finance Committee members agreed that Montgomery County needs a Revolving Equity Fund to assist in the development of new affordable and work force housing and in the preservation of existing affordable units. Such a Fund would leverage County and other monetary contributions into a large pool of money through issuance of long-term taxable bonds. The following are considerations in establishing such a fund:
 - This Fund could act as long-term financing for properties acquired under the Site Acquisition Fund above.
 - Resources could be used for both mixed-income and mixed-use projects, as well as for rental and for sale units.
 - Equity returns through loan pay-backs and cash flows would be recycled into the fund and could potentially result in returns larger than the original fund.
 - Tax-exempt bonds could also be used but are limited, although cheaper.
 - The County or another institution such as an insurance company could offer a guarantee for credit enhancement.
 - The Fund could develop criteria for selection of a list of pre-approved developers.
 - Clear guidelines and benchmarks should be developed to instill investor confidence.

- The Revolving Equity Fund should provide a balance between independence and County oversight.
3. Expanded PILOT Program – The Finance Committee is interested in pursuing an expansion of the County’s PILOT program to include eligibility for mixed-use and/or mixed-income projects as an incentive for developers to build more affordable units. Such tax abatement, already used in the County for certain affordable rental projects and properties, results in lower rents and operating costs as well as in reduced gap funding needs. It is also cheaper than up-front financing.

Task Force Comments/Discussion on Finance Committee Recommendations:

- Inquiry on existing revolving equity fund; does a similar fund currently exist in the County? Explore.
- Freddie Mac and lending partners to explore development of fund along with County.
- Discussion on use of tax exempt funds for workforce housing; workforce housing goes beyond the limits for tax exempt. Funding.
- Brian Tracey described a newly created fund, Open Door Housing Trust Fund. Fund was formed out of the Metropolitan Washington Council of Governments, but will operate independently as a 501(C) 3. Capitalization is \$2 M; fund will be \$17 M; a separate fund specific to the needs of Montgomery County can be created. Brian Tracey and Ellen Lazar can be contacted for information.
- Comment that more affordable housing can be produced by the private sector and as these public funds become available additional public/private partnerships will be needed to maximize leverage.
- Inquiry on the advantages on operating the fund under a third party rather than under the County. Response was arms length transactions, professional fund manager(s), benefits in terms of access to other funds to provide additional leverage.

Zoning Committee Recommendations; presented by Barbara Sears

1. Adequately offset the cost of producing affordable housing units by providing incentives to include increased density, height, and FAR, as well as flexibility in meeting public amenity/open space requirements by such means as off-site aggregation.
 - a. Bonus market rate density and other incentives should be provided for the basic requirement of 12.5% Moderately Priced Dwelling Units and degree of incentives increased proportionately to the number of increased affordable units provided (do not go below current 12.5% requirement).
 - b. In central business districts and transit-serviceable areas, required parking should be reduced to curtail the cost of affordable units.
 - c. Good urban design and transit management programs need to be utilized to support the increases in density, height, FAR, etc., where affordable units are provided.

Staff Study – Acceptable proportions of increases in density, etc., to number of affordable units provided.

2. Public policy documents such as sector plans and master plans should reinforce the acceptance and expectations of higher density in areas served by transit to support affordable housing. However, production of affordable housing through incentive should not be dependent on amending each master plan in view of lengthy amendment process and affordable housing need.
3. Urban core and transit serviceable areas need significant upzoning for housing production.
4. Mixed-use development should be encouraged and permitted throughout the County, especially where existing separate industrial, retail and commercial uses can be redeveloped and housing introduced near available transit systems.
 - a. Need to enact mixed-use floating zone that may be applied in appropriate arenas without master plan recommendations for housing to promote affordable housing.
 - b. Need to amend existing commercial and industrial zones to allow viable mixed-use provisions.
 - c. New zones are especially needed in metro areas and transit-serviceable urban cores to contain significant upzoning for affordable housing production.
 - d. Text of zones to contain optional method to ensure sufficient number of affordable units to match proportionate incentives and ensure good design.
 - e. Apply new zones through sectional map amendment where master plan review takes place.

5. Consolidate approval process when affordable units are proposed – *i.e.*, combine preliminary, project and site plan into one hearing.
6. Encourage broader understanding and use of PILOT programs to produce affordable housing.

Staff – work with other divisions of Executive Branch and State to explore use of TIFs to finance projects with affordable housing and what local enabling legislative or state law changes would be necessary.

7. Evaluate accurate cost of affordable housing production and interplay with total costs of housing construction and renovation.
8. County should allow accessory apartments.

Task force Comments/Discussion on Zoning Committee Recommendations:

- Discussion on Bonus Densities:
This was a non-consensus item within the committee however; a majority is in favor of modifying development standards for increased densities.
An inquiry arose as to whether there is a demand for increased densities. There originally was a bonus associated with the MPDU requirement. Over time, the bonus shrunk to nothing. There is no incentive today. Need to modify “developable standards”. Partner with the development community. Open the door for more, “incentives”.
The concept of having more density for affordable housing has been the intent of the law.
Package for bonus densities must include: good design, location, quality construction and transportation.
Staff and committee need to establish criteria, parameters, guidelines for package. What does good design mean? Etc. Need for development of very specific tool.
Discussion of whether tying a package into use of bonus density may become a hindrance. Further study suggested.
- Masterplan; Affordable Housing Blanket Overlay; Mandatory approval for affordable housing sites. Rick suggested that staff meet with Park and Planning staff to determine feasibility of blanket overlay.
- Task force member suggested masterplan for Metro sites to include affordable housing.
- Tax Incremental Financing, task force member suggests broadening use not just for infrastructure. Another task force member suggests caution in recommending this tool.
- Threshold Numbers have not been defined. Committee requested to determine some basis for recommendation, although it could be modified.
- Discussion on level of detail to be developed for presentation to County Executive.
- Discussion on accessory apartments and history of proposed legislation within County.

Incentives and County Land Committee Report, presented by James Soltesz:

1. Major zoning incentives that add density and height in appropriate locations are needed. These significant zoning incentives are for projects that contain a major component of affordable housing. This work will need to be coordinated with the Zoning and Entitlement Committee as well.
2. Impose an affordable housing impact fee on all new commercial and retail developments. This fund will be used to build affordable housing in the county.
3. A complete waiver of APFO fees, impact fees, WSSC fees, etc., on all affordable housing units. There was a discussion, but disagreement, on a full waiver of school impact fees.
4. Impose drastic cuts on time required for entitlements, especially at M-NCPPC. For example, projects with a major affordable housing component should be approved from submission of a preliminary plan through detailed site plan through engineering design, plats, and building permits in six months. Processing should be accelerated as well as monitored by a new affordable housing department at Park & Planning whose sole focus is the production of affordable housing units. This group within Park & Planning must have an equal say in project reviews as environmental planning does.
5. All future master plans must include the objective to increase affordable housing in the county. This objective is as equal as any other objectives in the master plan, including environmental. Again, all master plans must address the need for affordable housing in the county.

Discussion on Incentives and County Land Committee Recommendations:

- Inquiry on how many jurisdictions around the country have an impact fee? Study underway in District of Columbia. Additional exploration is suggested.
- Commentary on increase in fees; fees can kill the potential affordable development; suggestion was made that fees be balanced with incentives. A suggestion was made that a formula be developed for fees and incentives based on size of development, size of developer, etc.; Staff will explore over the summer and present for the task force to make a decision in the Fall as to whether increased fees will become a recommendation.
- Discussion on Affordable Housing and Impact Fees. M-N PPC representative confirmed that MPDUs are exempt from transportation, school and WSSC impact fees. Department of Permitting Service fees still apply.
- Barbara suggested that task force members coordinate around the issue of impact fees before it goes to public hearing.
- Discussion on time requirements without loss of quality; expedited at Park and Planning level.
- Barbara suggested that all the links and information be provided to the County Executive for informed decisions to be made

- Items that were non consensus within the committee but presented during discussion although not part of recommendations at this time.
 1. Identify all County owned land and its suitability for affordable housing development
 2. Present multiple affordable housing projects to Park and Planning for approval at one time. Projects from all parts of the County to be presented at the same time, require the Board to vote on them on the same day; this may keep the politics out of the process.
 3. Establish that no public review be required for affordable housing projects that conform to zoning; get the development completed by right.

In closing, co-chairs encouraged task force members to continue to send in their thoughts on these topics and to present additional ideas that might have not been covered. They also invited task force members to continue to work with DHCA staff over the summer in further development of the report.

The meeting adjourned at 1:00 pm.

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